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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

28 September 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : [REDACTED] 25X1
Acting NIO for East Asia

SUBJECT : East Asia Warning Assessment

The following items were discussed by the Community Representatives at the 24 September 1981.

Korea: SR-71 Firing Incident

Review [REDACTED] confirms that Pyongyang fired on the US SR-71 reconnaissance aircraft on 26 August, [REDACTED] 25X1
[REDACTED] 25X1
[REDACTED] 25X1

[REDACTED] The meaning of the firing, and its significance for future flights in the area and generally for North Korea's posture vis-a-vis the US and the ROK remain unclear. [REDACTED] 25X1
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The North Koreans have for several months demonstrated particular sensitivity to activity in the southwest coastal region. Their movement of the SAM site into the area, and its utilization were deliberate moves possibly intended to respond to what Pyongyang may have regarded as a breach of its sovereignty or to demonstrate new determination to act against hostile intelligence collection activities. This action, taken together with earlier overflight of ROK held islands in the area and a generally stronger propaganda line vis-a-vis the Chun Doo-hwan government, appears to signal a tougher North Korean stance toward the ROK and the US. This posture appears to some analysts to have been developing since the 6th Party Congress in October 1980, and possibly to reflect new policy directions adopted at that time. Other analysts noted, however, that

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there has been considerable continuity in North Korean behavior suggesting that we are, at this point, seeing not so much a change in overall policy but a toughening of attitude for particular effect. Pyongyang has continued to seek contact with the US, increased its approaches to third world and western governments, and not stepped up tension along the DMZ or through infiltration activity. [REDACTED]

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Pyongyang's willingness to take even selective hostile actions which heighten an already tense situation on the peninsula must, nonetheless, be viewed with concern. This attitude increases the possibility of additional hostile incidents including the prospect of another firing on US reconnaissance aircraft. Insofar as Pyongyang has lost the element of surprise with its initial firing it may not be anxious to perpetrate a second incident in the near term. Nonetheless it can, at a minimum, be expected to monitor closely future flights to ascertain if the 26 August incident has caused the US to change the pattern of its flight activity. [REDACTED]

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Japan-South Korea

Seoul's insistence on some \$10 billion in economic aid and credits from Japan over the next five years to help offset ROK defense expenditures has encountered a largely negative response in Tokyo and added a new negative factor to an always difficult relationship. Both sides had an opportunity to air their preliminary views at the recent ministerial conference which seems to have ushered in a cooling off period. The Japanese appear prepared to adopt a somewhat more flexible position and are ready for further private discussions. The South Koreans, particularly President Chun and his close advisors in the Blue House, seem intent on pressing their case but not beyond the point where it would lead to a significant break in the relationship. Subsequent negotiations are certain to be difficult, particularly since many of the ROK officials who have traditionally worked behind the scenes in dealing with the Japanese have been purged from political activity by Chun. [REDACTED]

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The South Koreans appear hopeful that US concern about the ROK defense burden and Seoul's general economic stability will cause Washington to pressure the Japanese to be more forthcoming -- a role the Japanese would deeply resent and which would significantly complicate US ties with both countries. [REDACTED]

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Sino-US

The postponement of the visit to the US by Beijing's Vice Chief of Staff comes at a time when China is registering increasing disquiet about the uncertainty of US policy on arms sales to Taiwan. The postponement is attributable to China's specific concern that the US will sell advanced weapons -- i.e., an FX aircraft -- to Taiwan but it may also reflect problems within the Chinese leadership related to arms purchases per se,

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although this is clearly a lesser consideration. China's budgetary constraints and divisions within the PLA about the wisdom of arms purchases abroad may be factors in delaying the mission. Above all, however, there is the need to demonstrate through actions of this sort that the strategic importance of the US-China relationship should override any desire in Washington to provide Taiwan with advanced military equipment. [REDACTED]

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In staking out this position, the Chinese have narrowed their range of flexibility in responding to possible US moves. Clearly, their intent is to maximize pressure on the US and themselves to achieve results favorable to their interests. In doing so, the Chinese have, in effect, come increasingly close to guaranteeing a marked deterioration in relations should the US move ahead with unacceptable arms sales agreements with Taipei. [REDACTED]

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